THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) After remaining subdued during 2002-03 and 2003-04, Foreign Direct Investment (FDI) has shown clear signs of pick-up backed by policy support and optimism about the investment opportunities being offered in several sectors. FDI inflow during the year 2004-05 (April 2004 to January, 2005) stood at US$ 4,233 million as against US $ 3,341 million during the corresponding period of the previous year.

(c) Foreign Investment Promotion Board (FIPB) considers Foreign Direct Investment (FDI) proposals requiring Government approvals. Foreign Investment Implementation Authority (FIIA) facilitate quick implmentation of FDI approvals already accorded. As such their roles are complementary.

**Complaints against Central Excise Department**

4204. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) whether there have been complaints of the Central Excise Department resorting to arm-twisting methods to meet excise collection targets;

(b) whether the excise authorities have sidelined the system of personal ledger account and are insisting on payment of whole excise duty upfront and treat the Modvat as credit for the future; and

(c) if so, steps being taken to end this anomaly?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No arm-twisting methods were adopted for boosting the Central Excise revenue collections.

(b) and (c) The duty liability of a unit can be discharged either by payment through account-current (PLA) or through CENVAT credit account. As per the figures available upto February in the financial year 2004-05, the payments made through CENVAT Credit account have risen by 15.5% as against the growth in payments made from PLA of 6.7% (provisional) *vis-a-vis* the same period of previous year.

**Opinion of ICAI on VAT**

4205. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that ICAI has opined that VAT collected from customers should not be shown as sales;

(b) if so, the details thereof, and

(c) Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) ICAI has recommended that the amount of VAT collected from customers should not be recognized as income and the same should be credited to an appropriate account.

(c) As VAT is a tax intended to replace the States' sales tax, it is a State subject. Therefore, the matter has to be considered by the Empowered Committee of State Finance Ministers/State Governments.

**Exemption to Sivaganga District Central Co-operative Bank Ltd. under Banking Regulation Act**

4206. SHRIMATI S.G. INDIRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Sivaganga District Central Co-operative Bank had applied for exemption upto 31st March, 2007 from Section 11(1) of the Banking Regulation Act before the National Bank of Agriculture and Rural Development;

(b) if so, the details thereof,

(c) whether it is also a fact that the Reserve Bank of India has asked the Sivaganga District Central Co-operative Bank not to accept or renew deposits and refund more than Rs. 1000 to deposit holders from their accounts; and

(d) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Sivaganga District Central Co-operative Bank was granted exemption from complying with the provisions of Section 11(1) of the Banking Regulation Act, 1949 (AACS) upto March 31, 2004. NABARD received the exemption application from the captioned bank requesting grant of exemption for the third time for the period April 1, 2004 to March 31, 2007. As per NABARD's guidelines/policy approved by the Board of Supervision, if a bank fails to comply with the provision of the said Section over a continuous period of over five years or has been granted exemption twice but does not show any perceptible improvement in its financial position, the bank's license application is to be recommended to Reserve Bank of India for rejection. As per the latest quick inspection of